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**From:** Rogoff, Peter (FTA)  
**To:** Rogoff, Peter (FTA); Borinsky, Susan (FTA); Riklin, Sherry (FTA); Siquefield, Robyn (FTA); Bausch, Carl (FTA); Carter, Dorval (FTA); Biehl, Scott (FTA); Day, Elizabeth (FTA); Welbes, Matt (FTA); Farber, Brian (FTA)  
**Sent:** 12/17/2010 5:56:28 PM  
**Subject:** RE: Mahalo

Governor signs off on review of rail  
Abercrombie's approval will put the environmental study process back on track

By Gene Park

POSTED: 01:30 a.m. HST, Dec 17, 2010

Gov. Neil Abercrombie's signature on the rail transit environmental impact statement once again sets wheels in motion for environmental review of the projected \$5.5 billion system.

Various agencies will need to sign an agreement regarding effects on historic sites. Then the Federal Transit Administration will issue a so-called "record of decision," ending the environmental process and clearing the way for the project's groundbreaking.

"Now is our opportunity to strengthen our commitment to ensuring that the project is done right, without delay and with a vision of Oahu's future clearly in mind," Abercrombie said yesterday in a statement after signing the document sometime after 5 p.m. "Unresolved issues will need to be addressed with dispatch."  
The document was given to the state for approval in June, but former Gov. Linda Lingle did not sign off on the project because of concerns about the project's financial foundation. The environmental process typically does not include analysis of financial viability, only a review conducted by the state Office of Environmental Quality Control.

While on the campaign trail, Abercrombie had promised he would sign the impact statement regardless of the financial analysis.

"My acceptance of the statement is an affirmation of the adequacy of that statement under the applicable laws," Abercrombie wrote in a letter to city Department of Transportation Services Director Wayne Yoshioka.

"I find that the mitigation measures proposed in the environmental impact statement will minimize the negative impacts of the project."

The city now needs the FTA, the state Historic Preservation Division, the National Park Service, the Navy and the Advisory Council on Historic Preservation to sign a "programmatic agreement."

"It's being finalized and we're getting ready for signatures from all the parties," said Toru Hamayasu, general manager for the city's Rapid Transit Division.

After the record of decision, the FTA will issue a "letter of no prejudice," which gives the city permission to spend city money without jeopardizing any possible influx of federal funds.

U.S. Sen. Daniel Inouye praised yesterday's signing.

"This is even more important as the fight for federal funds intensifies," he said.

The next step for the city administration would be to approach the City Council and apply for a Special Management Area permit. The permit is required by law to ensure projects adhere to coastal zone management policies, including height restrictions, preservation of archaeological sites and ensuring adequate public shoreline access.

Hamayasu said the project does encroach into Special Management Areas due to its proximity to Pearl Harbor. The public will be notified 20 days before the City Council holds a hearing, which is expected to occur in January.

Mayor Peter Carlisle yesterday said he plans to break ground on the project "early next year." Carlisle has previously forecast a March groundbreaking.

Last year the city awarded Kiewit Pacific Co. a \$483 million contract to build the first third of the project, from East Kapolei to Pearl City. Joint venture Kiewit/Kobayashi won the \$195 million contract to build a maintenance and storage facility in Waipahu.

Carlisle said the city will award two more contracts early next year: one for the second phase of the route, which runs from Pearl City to Aloha Stadium; and another for a core systems contractor to supply train vehicles and manage the control center.

"Certain other aspects, the people who are opposed to rail, their forces will be set in motion by what we're doing," Carlisle said. "But I'm very confident after having spoken with the corporation counsel that we will be able to move forward early next year."

Cliff Slater, a vocal opponent of the rail system, said he believes the FTA will be given pause by Lingle's financial analysis, conducted by Infrastructure Management Group Inc. and CB Richard Ellis.

"While it may not be perfect, it is done by two very well-regarded firms," Slater said. "And the FTA can't ignore that. They can demonize us and get away with it, but they can't do it with these guys."

IMG's report states the city would need about \$1.7 billion more to cover a projected revenue shortfall, much of which stemmed from the project's delay and lower revenues from a special excise tax surcharge.

The city yesterday presented a detailed refutation of the IMG report, stating that:

» The report ignored the state Council on Revenues' general fund tax revenue growth projection of about 6.7 percent a year, much higher than either the city's or IMG's projections;

» The first-phase contract to Kiewit came in \$90 million less than what the city had expected to spend; thus

» The project's delay should have little, if any, effect on capital costs. The only aspect that may affect cost is the acquisition of property, which could not happen until a record of decision is issued. But the city said property values have shown little change since 2009, when the city last conducted a financial analysis on the project.

-----Original Message-----

From: Rogoff, Peter (FTA)

Sent: Thu 12/16/2010 11:46 PM

To: Borinsky, Susan (FTA); Riklin, Sherry (FTA); Sinquefield, Robyn (FTA); Bausch, Carl (FTA); Carter, Dorval (FTA); Biehl, Scott (FTA); Day, Elizabeth (FTA); Welbes, Matt (FTA); Farber, Brian (FTA)

Subject: Mahalo

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